

IDAHO NEWS RELEASE

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Idaho Farm Real Estate Values Continue Upward Trend; Rents Also Increase

The average value of farm real estate in Idaho increased from \$1,360 per acre on January 1, 2004 to \$1,480 per acre on January 1, 2005, according to the Idaho Agricultural Statistics Service. The average value for cropland in Idaho increased from \$1,710 per acre to \$1,840 per acre. The average value of pasture increased from \$725 to \$805 per acre.

The U.S. farm real estate value, a measurement of the value of all land and buildings on farms, averaged \$1,510 per acre on January 1, 2005, up 11.0 percent from 2004. This is the largest percentage increase since 1981, when farm real estate values rose 11.1 percent from the previous year. The \$150 per acre increase is the largest dollar increase on record. The previous record was 1980, when values climbed \$109 per acre above the 1979 value.

The increase in farm real estate values was driven by a combination of factors, including low interest rates, high commodity production and prices, and strong demand for nonagricultural land uses. Nationally, summarized survey data indicated that agricultural land with potential for immediate development (expected land use if sold) was valued at more than \$6,050 per acre. The survey also indicated that agricultural land with potential for future development was valued at nearly \$5,400 per acre. Demand for farm real estate as an investment continued to be strong.

Regional increases in the average value of farm real estate ranged from 8.2 percent in the Delta and Southern Plains regions to 13.2 percent in the Northeast and Southeast regions. The highest average farm real estate values were in the Northeast region, where urban influences have pushed the average value to \$4,020 per acre. In the Corn Belt region farm real estate values rose 10.9 percent, to \$2,550 per acre. The Mountain region, with its expanse of pasture and rangeland, had the lowest farm real estate value, at \$599 per acre.

Idaho cropland rented for cash averaged \$104 per acre in 2005. Irrigated cropland rented for cash averaged \$124 per acre in 2005, up from \$118 per acre in 2004; non-irrigated cropland averaged \$55 per acre in 2005, up from \$53 per acre in 2004.

At the national level, cash rents paid to landlords for cropland rose 2.0 percent while pasture rents increased 7.3 percent for the 2005 crop and grazing year. Cropland cash rents paid in 2005 averaged \$78.00 per acre, compared with \$76.50 per acre for 2004. Pasture cash rents averaged \$10.30 per acre, 70 cents higher than the \$9.60 per acre in 2004. The increases in cropland and pasture rental rates reflected producers' optimism following the combination of high production and price levels of major U.S. agricultural commodities in 2005.

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